

From: Boris Nikolic <Boris.Nikolic@bgc3.com>
To: Jeffrey Epstein <[REDACTED]>
Subject: RE: not for transmission fyi
Date: Tue, 04 Feb 2014 07:48:11 +0000

Sorry for sending you a reply late in day.

Have been working like a dog for Bill these days. Sent him already 9 strategy reviews and have 5 still to go. After that I have one week like that in March and this is over. Somehow it is VERY hard to work on it this time. I did not expect that it would be so hard.

I just went briefly through a number of PPM of leading VC funds in healthcare. I am sending you these copies in following emails.

Perhaps I am naïve with these but it seems that they are very in line with this one. Or even less flexible with less details and higher fees!

All of them have a life term of 10 years plus potential final close additional 2-3 years. In all of them GP elect Advisory committee. Not much details provided in any of them. In many of them there are no details re initial close (they all do first close at less money). The similar applies for key persons and other terms.

These VC funds are reviewed by a top legal firms and have great investors. What is so different with this to make it Russian Gangster deal??? I really do not get it. The other PPMs are coming with next emails

Boris

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Monday, February 3, 2014 9:37 AM
To: Boris Nikolic
Subject: not for transmission fyi



Yes. Lots of ways for them to move on and not make an investment in the fund they number 1 priority.. this is a how to fuck the investor deal. . russian gangsters.

1. General partner reserves the right to form the Fund with a lesser or greater amount of commitments. Rather than commit to 150 MM. So no limit on the GP as to how little it can close with
2. What about management or advisory committee? No structure yet provided.
3. 10 year term but they can extend for 2 one year periods. you could be in this for 15 years before seeing your money back
4. 6 year cutoff for honoring commitments no so firm. Continuing obligation to fund portfolio investments "in process" as of the end of the investment period and to finance follow-on investments. What does "in process" mean? Up to 15% of aggregate capital commitments allowed to be put into 1 portfolio company? As this is

based on percentage of commitments and not percentage of actual invested capital, and there is no guarantee as to how much will actually be invested, 15% of aggregate commitments invested in one company could represent a substantial portion of invested capital of the fund. Particularly where there are rights to form successor funds to invest.

5. No fixed minimum amount before GP is allowed to complete the initial closing.. all one sided.

6. Not clear how much money contributed up front. "Each investor . . . will be required to make a capital contribution at admission equal to the same percentage of its commitment as has been required to be contributed by the other Limited Partners prior to such date . . ." So how much is going to be contributed initially?

7. Investment Advisory Committee, which is appointed exclusive by the GP, may not "necessarily represent the interests of the limited partners" and "may be subject to conflicts of interest," yet these committee members have authority to approve or disapprove certain transactions, in-kind distributions, and waivers of investment restrictions. who are these people.? could not let any of my clients invest. not one.

8. Successor fund provisions say that neither the GP nor any Principal may invest on behalf of another limited partnership with the same investment objectives of the Fund (without consent of the Investment Advisory Committee -- which we are told earlier is appointed by the GP and may not represent the interests of the limited partners and may have conflicts of interest) until fund termination, 70% investment or committed for investment, or fund dissolution, but there are exceptions to this and the exceptions swallow up the restriction -- i.e., they are allowed to invest on behalf of "Other Funds" which appears to be defined very broadly. Or the concept of Parallel Funds to invest in parallel with the Fund and again there appears to be broad discretion to do so.

Investment exclusivity terms are also illusory as Parallel Funds, GP-Related Persons and Other Funds can be offered opportunities to invest when GP determines that amount of investment opportunities are in excess of what is appropriate for the Fund. GP can allocate between this fund and any successor fund and the GP does not need to offer to the Fund any investment opportunity in entities in which any Principal has an investment interest prior to the Initial Closing. Not very exclusive.

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